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A. G. Black

The Costs of Selling Pedigreed Live  
Stock through Public Auction



THE COSTS OF SELLING PEDIGREED LIVE STOCK THRU PUBLIC  
AUCTION WITH SPECIAL REFERENCE TO THEIR  
EFFECT ON SALE AVERAGES

BY

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FOR THE

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IN

AGRICULTURE

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THIS IS TO CERTIFY THAT THE THESIS PREPARED UNDER MY SUPERVISION BY

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ENTITLED The Costs of Selling Pedigreed Live Stock Thru Public Auction

With Special Reference to Their Effect On Sale Averages

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THE COSTS OF SELLING PEDIGREED LIVE STOCK AT PUBLIC  
AUCTION WITH SPECIAL REFERENCE TO THEIR  
EFFECT UPON SALE AVERAGES

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## I. INTRODUCTION

In recent years the selling of pure-bred live stock through the public auction has become an increasingly important method of disposing of surplus stock. Hundreds of such sales are held annually throughout the country. While each breeder has his special selling problems it is surprising how little variation there is in the methods of sale through the public auction. Notwithstanding its importance as a means of distributing purebreds there has been but little systematic study of the problems which the public sale involves. The breeder, usually assisted by a field man has worked out his own solutions. In the absence of any well known standards of expenditures, many breeders have paid out sums, particularly in the promotion of their first sales, much larger than the results which they could hope for would justify. The continued prosperity of the breeders of pedigreed live stock depends in no small measure upon solving correctly their business problems.

## II. PURPOSE OF INVESTIGATION

It is the purpose of this investigation to determine (1) the distribution of the costs of conducting a public sale of pure-bred live stock and (2) to determine the relation between the amount of the selling cost and the average price for which animals are sold. If by spending more money on some one of the items such as special fitting, auctioneers, or advertising, the breeder could realize a corresponding increase in his sale average, it would, of course, be profitable for him to expend his money in this way. Likewise if he were to reduce his expenses with no material loss to his average he should do so. Usually it is impossible for a breeder to know which of these plans it is best for him to follow. In this paper the experience of various breeders has been summarized and an average for auction sales has been arrived at. By referring



to such an average the breeder could tell to what extent his items of expense have deviated from the average.

### III. METHOD OF INVESTIGATION

As no references relative to the problem are available, the material contained herein has been collected directly from breeders of pure-bred live stock who have conducted public sales. A mailing list was made up from names of breeders who advertised in the breed papers and general farm papers. An effort was made to include the names of representative breeders of the Holstein, Guernsey and Jersey breeds of dairy cattle; of the Hereford, Aberdeen Angus, and Shorthorn breeds of beef cattle; of the Duroc Jersey, Poland China, Berkshire Chester White, and Hampshire breeds of swine. No information was collected from horse or sheep breeders as very few public sales are held by them. Letters containing the following questionnaire were mailed to three hundred and forty-two breeders of pure-bred live stock:



### ITEMS OF EXPENSE

## IN HOLDING A PUBLIC SALE OF PEDIGREED LIVESTOCK

\* \* \* \* \*

1. Cost of preparing stock for sale, if any, which would not be involved in selling at private sale:

Special fitting \_\_\_\_\_ Miscellaneous \_\_\_\_\_

2 ADVERTISING

Sale bills, if any: Number \_\_\_\_\_ Cost \_\_\_\_\_ Cost of Posting \_\_\_\_\_

Catalogs: Number \_\_\_\_\_ Cost \_\_\_\_\_ Mailing \_\_\_\_\_

**Circular Letters:** Number Cost Mailing

Personal Letters: Number \_\_\_\_\_ Cost \_\_\_\_\_ Mailing \_\_\_\_\_

### Agricultural and breed papers:

Local papers: Size of ad. No. of insertions Cost

### Results of advertising:

How much business was directly traceable to advertising?

How much business was directly traceable to local papers? \_\_\_\_\_

How many inquiries?

Approximate amount of business directly traceable to the efforts of field men?



How highly do you value the free-readers or field notes published in a number of papers?

3. Remarks concerning results from various forms of advertising or suggestions as to how to make advertising more effective at less cost:
  
  4. Do you think that as a rule breeders are spending too much or too little for advertising?
  
  5. Do you plan to keep advertising costs, per animal, within a certain percentage of the probable average of the sale? \_\_\_\_\_  
If so, what percentage do you plan for advertising costs? \_\_\_\_\_
  
  6. How is your mailing list for catalogs made up?

# AUCTIONEERS

Number \_\_\_\_\_ Cost \_\_\_\_\_ Local \_\_\_\_\_ Special \_\_\_\_\_

Cost of special men \_\_\_\_\_

What is the best policy to follow with reference to auctioneers?

Suggestions as to the best method of handling the auctioneer problem.



13. Cost of crates and delivery, per animal? \_\_\_\_\_
14. Approximate cost of selling each animal \_\_\_\_\_
- Average price \_\_\_\_\_ Attendance at Sale \_\_\_\_\_
15. Is the cost of selling an animal in public sale higher than the cost of selling privately? \_\_\_\_\_
- How much difference? \_\_\_\_\_
16. Do animals sell higher at a public sale than privately? \_\_\_\_\_
- How much difference? \_\_\_\_\_
17. Why do you favor selling stock at auction rather than privately?
18. Do you plan to keep the costs of selling within a certain percentage of the probable sale average? \_\_\_\_\_ If so, what percent? \_\_\_\_\_
19. If you sell in cooperative or consignment sales are sellers assessed a flat sum to cover selling expense for each animal entered or are they assessed by a sliding scale method whereby the cost of selling is in proportion to the selling price?
- What is the average selling cost in such sales? \_\_\_\_\_
20. Under what Breeding guarantee do you sell stock in public sales?
- How much do you think such a guarantee adds to the average of the sale? \_\_\_\_\_
21. How much do you think tuberculosis-free cattle sell for above cattle that have not been tested? \_\_\_\_\_
22. How much will cholera-immune hogs average over hogs that have not been immunized? \_\_\_\_\_
23. What items of expense, if any, have you undergone in conducting auctions that have not seemed to be profitable?
24. What suggestions have you to make concerning the betterment of the methods of selling of pedigreed livestock in auctions and privately?

Date \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_



The breeders to whom the letters were sent were distributed as follows:

Holstein Friesian.....	33	Berkshire.....	14
Guernsey.....	17	Chester White.....	52
Jersey.....	<u>31</u>	Duroc Jersey.....	<u>45</u>
Total Dairy Cattle Breeders			81 Hampshire.....
Aberdeen Angus.....	34	Poland China.....	<u>45</u>
Hereford.....	21	Total Swine Breeders	104
Shorthorn.....	<u>42</u>	Total letters mailed	342
Total Beef Cattle Breeders			97

Although the majority of those to whom questionnaires were sent failed to reply, answers were received from a considerable number of representative breeders, many of them very well known.

The replies were distributed as follows:

Dairy Cattle breeders.....	8
Beef Cattle breeders.....	15
Swine breeders.....	<u>24</u>
Total.....	47

The above replies were quite complete. In addition to these a considerable number of letters were received from the following breeders, editors or publishers of agricultural papers, and sale managers, who, while not making a detailed answer to the questionnaire gave much valuable information about several of the items included in the questionnaire; H. C. Goeth, Pencoyd Farm, W. W. Clark W. T. O'Hair, F. E. Longmire, R. M. Gow, Thomas Stanton, Prairie Farmer, Hoard's Dairyman, American Swineherd, The Holstein Freisian World, The Breeders' Gazette, Guernsey Breeders' Journal, Wallaces' Farmer and The Jersey Bulletin.

The replies of those who made complete answers to the questionnaire are tabulated on the following pages:



Name of Breeders	Sale Average	Selling Cost per Animal	Percent Cost	Fitting of Animals	Auctioneers	Transferring Stock to Place of Sale	Sale Bill Number	Cost including Postage	Letters Personal Circular Number
<b>Beef Cattle Breeders</b>									
Aberdeen Angus									
John Dawson	1025.00	33.38	3.2	56.00	1	125.0		1000	110.00
P.J. Donohoe	2626.70	103.00	3.9	50.00	4	1500.0		500	50.00
John Hanson	-----	19.60	---	50.00	3	250.0		200	22.00
S.N. Yearout	350.00	38.00	10.8	2200.00	5	595.0		-----	18.00
<b>Hereford Breeders</b>									
L.G. Paterson	927.00	116.81	12.5	-----	3	800.0	1475.00		
E.M. Cassidy & Son	1404.00	90.00	6.4	-----	3	525.0	2000.00		
Irwin Bros.	177.00	33.92	19.1	-----	3	235.0	215.00	50	5.00
Boyd C. Radford	-----	47.41	---	-----	2	400.0	-----	-----	40
<b>Shorthorn Breeders</b>									
H.C. Lookabaugh	2942.00	164.77	5.6	680.00	-	-----		1500	65.00
Peter McKay	-----	25.00	---	-----	3	250.0	-----	-----	
Geo. W. Major	176.70	14.40	8.1	295.00	3	180.0	-----	50	3.00
Bellows Bros.	-----	100.00	---	100.00	4	-----	-----	-----	
Stipe & Stripe	240.00	18.00	7.5	-----	2	300.0	-----	-----	
Powers Bros.	380.00	35.62	9.3	140.00	3	500.0	360.00	-----	
Thos. Stanton	-----	44.70	---	-----	2	350.0	225.00	50	25.00
F.R. Edwards	1400.00	61.00	4.3	-----	3	1200.00	1200.00	-----	860
<b>Dairy Cattle Breeders</b>									
Gurnsey Breeders									
F.S. Peer	800.00	85.00	10.6	-----	-----	-----	-----	300	-----
<b>Holstein Friesian</b>									
A.F. Neole	407.00	39.61	9.7	-----	3	200.0	375.00	1500	140.00
Harold Rude	-----	21.80	---	410.00	3	225.0	-----	100	14.00
<b>Jersey Breeders</b>									
Vallie Hawkins	250.00	38.38	15.2	500.00	2	600.0	225.00	-----	700
A.Doggott	272.50	26.00	9.5	100.00	1	250.0	500	15.00	50
C.H. Staples	-----	8-10	---	-----	-----	-----	-----	-----	-----
F.M. Meloy	-----	10-15	---	-----	-----	-----	-----	-----	-----
F.E. Quaintance	180.00	28.10	15.6	150.00	1	150.0	35.00	250	6.75







Name of Breeders Swine	Sale Average	Selling Cost per Animal	Percent Cost	Fitting of Animals	Auctioneers	Transferring Stock to Place of Sale	Sale Bills Number	Cost including Postage	Letters Personal Circular Number
<b>Chesterwhite Breeders</b>									
B.M. Boyer & Son	275.00	38.15	13.8	50.00	3	250.0	---	---	---
B.J. Goetze	135.00	32.32	23.9	4	275.0	---	---	---	---
A.C. Thompson	110.00	22.86	20.7	3	200.0	16.00	---	---	---
E.P. Squire	93.40	23.77	25.4	2	140.0	225.0	14.00	14.00	---
R.E. Brown	---	29.53	---	2	225.0	14.00	100	10.00	---
P.L. Johnson	115.00	17.08	14.8	1	97.0	10.00	50	2.95	1000
J.H. McAnaw	---	55.36	---	1	800.0	300.0	400	12.00	100
C.H. McNulty	111.00	16.47	14.8	2	90.00	150.0	2	12.50	---
B.G. Generich	100.00	12.20	12.2	2	85.0	187.5	2	12.50	---
Thos. Lonergan	75.00	11.02	14.5	2	85.0	2	100	6.50	---
Tazewell Co. Sale	70.00	12.58	17.9	3	90.0	90.0	---	---	---
W. Earle Frost	90.00	15.62	17.3	3	90.0	90.0	100	6.50	---
 <b>Poland China</b>									
Paul Wagner	350.00	116.05	33.0	500.00	2	1600.0	500	23.00	50
Geo. D. Brown	---	53.42	---	160.00	3	300.0	---	---	300
Loveland Stock Farm	225.00	41.78	18.1	---	2	325.0	100	30.00	---
Tazewell Co. Sale	55.00	9.91	18.0	---	2	95.0	---	---	---
Tazewell Co. Sale	47.40	10.56	22.2	---	---	110.0	---	---	---
 <b>Hampshire</b>									
Willie Essig	365.00	29.93	8.2	225.00	2	150.0	200	17.50	200
 <b>Berkshire</b>									
J.F. O'Connor	133.00	28.32	21.2	50.00	1	100.0	200	20.00	25
 <b>Duroc Jersey</b>									
H.S. Fain	585.00	57.05	9.7	---	2	250.0	50	5.00	150
G.D. Utter	106.00	15.16	14.3	---	3	95.0	---	---	50
E.S. Danforth	115.00	16.62	14.3	---	1	75.0	---	---	150
Tazewell Co.	98.00	16.20	16.5	---	2	125.0	200	40.00	---
I.F. Clark	93.55	---	---	---	20.00	2	200.0	1	100



Cost including Postage	Catalogs Number	Cost	Agricultural and Breed Papers	Local Papers	Total Cost per head	Crating Cost per head	Pavillion Costs	Miscellaneous Expense, Hotel Auto, Lunch etc.	Number of Animals
-----	1000	144.00	678.00	14.0	20.90	5.00	110.0	80.0	40
-----	500	206.00	491.00	21.0	17.95	5.00	100.0	-----	40
-----	500	66.00	362.00	-----	10.71	4.00	60.0	50.0	40
-----	1000	93.00	622.00	-----	16.27	3.25	-----	51.5	45
-----	1000	135.00	553.00	14.4	17.82	2.00	75.0	75.0	40
-----	500	97.45	210.00	20.0	8.63	3.36	48.0	18.4	40
15.00	500	137.50	655.00	60.0	21.36	2.50	-----	160.0	40
2.00	1250	68.00	203.50	12.0	7.91	4.00	2.7	38.0	50
-----	400	108.25	360.00	-----	9.81	5.00	-----	-----	50
-----	750	43.00	140.00	20.0	5.09	-----	-----	35.0	40
-----	300	51.13	346.92	42.4	9.57	-----	50.0	3.0	46
-----	750	61.00	408.00	10.0	10.90	1.50	20.0	35.0	45
-----	500	-----	-----	-----	-----	-----	-----	-----	-----
16.00	1250	125.00	1783.30	100.0	51.18	5.00	100.9	250.0	40
11.00	500	210.00	1540.00	120.0	37.62	5.00	50.0	40.0	50
-----	500	67.00	1840.00	-----	32.28	3.25	10.0	40.0	60
-----	500	38.00	291.92	22.50	6.96	-----	50.0	4.9	51
-----	500	38.00	291.92	22.50	7.56	-----	40.7	-----	47
14.00	2500	125.00	685.00	30.00	17.43	3.00	50.0	50.0	50
2.50	300	33.50	315.00	50.00	17.84	2.50	-----	50.0	25
5.00	2000	116.00	611.00	18.00	15.00	2.75	-----	1715.0	50
1.00	500	43.00	345.00	20.00	9.62	2.00	25.0	35.0	43
3.00	500	75.00	438.00	10.00	10.52	3.00	50.0	30.0	50
-----	1000	78.79	299.42	43.00	12.87	-----	60.55	-----	56
22.00	1500	325.00	2715.00	5.00	76.67	3.00	15.0	100.0	40



#### IV. COSTS OF PUBLIC SALES

There are several items which make up the total cost of selling animals at an auction. All items of expense, which the breeders who answered the questionnaire gave, may be classified under the following headings: (a) special fitting of live stock, (b) auctioneers, (c) transferring of live stock to a central point for sale, (d) advertising, and (e) miscellaneous expenses.

##### A. Cost of Special Fitting for Sale

It will be noted, from the preceding tabulated data, that some breeders spent a considerable sum of money in fitting their stock for sale in order that the animals might enter the sale ring in the best possible condition to attract the favorable attention of buyers. This special fitting consists of giving extra feed, often specially prepared, and extra grooming. Usually additional men are employed for some time before sales to clean and groom the animals. It is rather difficult for breeders to know definitely how much they spend on such special fitting of their stock, inasmuch as the additional feed and labor are distributed gradually over a considerable period of time.

The breeders reporting costs for special fitting estimate that they spent from one dollar per head to twenty dollars per head for this item. This is the actual cost for the fitting of both cattle and hogs. A higher percentage of cattle breeders reported costs for special fitting than did breeders of hogs. This is to be expected as considerably more can be done in the way of fitting cattle.

###### 1. Cost of Fitting Beef Cattle for Sale

In the sales of those breeders answering the questionnaire, the charge for special fitting constituted an average of 9.30% of the total cost of selling. Eight breeders reported fitting costs. These costs varied from \$.95 per head to \$20.00 per head, the average being \$6.39. The lowest fitting cost was in the



sale of a cattle dealer who purchased his cattle about three weeks before the auction. There was a variation among these eight of from .97% of the total selling cost to 52.7% of the selling cost. The 52.7% fitting cost was reported by the manager of a consignment sale. It is doubtful whether a sale manager would have information as to fitting costs as most of this expense would be incurred previous to the time that he took charge of the live stock consigned. Two breeders had fitting costs exceeding 10% of the selling costs. The charge for special fitting seems excessively high for them. If we exclude the special fitting costs of these two breeders the average of the remainder is reduced to \$4.02 or 5.87% of the selling cost. It seems that these averages are more representative than the former. As the selling costs for beef cattle are higher than for other classes of live stock, a smaller percentage of the cost used for fitting would represent a considerable sum of money, e.g. if the cost of selling beef cattle is fifty dollars, 10% of the selling cost would be five dollars, but if the selling cost were only twenty-five dollars it would take twenty percent of the selling cost to amount to five dollars.

## 2. Costs of Fitting Dairy Cattle for Sales

The replies from breeders of dairy cattle were so few that it is unsafe to draw definite conclusions because of the scanty data. Four dairy cattle breeders reported costs for fitting their stock for sale. The costs ranged from \$2.08 per head to \$10.00 per head with \$4.30 as the average fitting cost. In comparison with the cost of fitting beef cattle these were slightly higher. The range was from 10% of the selling cost to 21% of the selling cost, with a 14% average. There was less variation shown than among the beef cattle sales and for that reason it seems probable that these figures are somewhat representative. Breeders of dairy cattle spent about the same amount of money for special fitting but as their total selling cost is lower than is that of beef cattle breeders the fitting cost represented a larger percentage of the total expense.



### 3. Costs of Fitting Swine for Sale

Nine breeders of hogs reported costs for fitting their animals for sale. The costs varied from \$1.25 per head to \$20.00 per head, the average being \$5.70 per head. The two costs that were above \$5.00 per head seem to be excessive. It is quite probable that the breeders who gave these answers did not understand the question. If these two answers are excluded the average is reduced to \$2.68. The variation was 17.6% of the selling cost. Two breeders reported costs for fitting ranging above 10%; one had a cost of 36.% and one 15%. If these two were excluded the average cost of fitting swine would be 8.2% of the selling cost. Considering the number of men who have fitting costs that agree closely with this latter figure it is probable that 8.2% of the selling expense more nearly approximates the real percentage spent for special fitting.

### B. COST OF AUCTIONEERS

The number of auctioneers to be used in conducting public sales is a question upon which most breeders are well agreed. Practically all breeders of beef cattle use three men, one head auctioneer and two assistants to aid in the taking of bids. However, there is some variation in the number used. One breeder reported that he used but one, while another reported that he used five auctioneers. Unless local conditions are very extraordinary either of these numbers will not prove to be the best. A single auctioneer at a well attended sale may become confused if bids are made rapidly and on the whole cannot give satisfactory service. A ring in which five men are trying to work will be so crowded that buyers are unable to give the proper attention to the animals being sold. Possibly in a very large pavilion five men could be used to advantage but in the average sale would be out of all proportion to the needs and dissatisfaction would result.

Most breeders made definite suggestions as to the manner of handling the auctioneer problem. Practically all are agreed that the best man in the business is the cheapest man in the long run. Such a man should be a specialist in the



breed that he is selling. He should know breeding, should be a good judge of live stock and should know values. Evidently many breeders are having difficulty in getting dates for their sales as they suggest that the auctioneer be retained at an early date. A few suggested that it was a good plan to employ two first class men so that there would be no chance of having a poor man on the block in case of illness or some other unavoidable circumstance. This would seem to be rather expensive unless the sale was large and important enough to bear the additional expense.

In addition to the special auctioneer employed, most breeders engage a good ring man and also retain the services of the best local auctioneer available. In the majority of sales the neighbors constitute a large proportion of the crowd and all breeders should attempt to get as much of the local trade as possible. A well known local auctioneer can appeal to this class much more successfully than can the breed auctioneers.

#### 1. Auctioneering Cost for Beef Cattle Sales

There is a large variation in the amount of money spent for auctioneers by breeders of beef cattle. The sums vary from \$2.21 to \$30 per head. The breeder who had the lowest auctioneering cost, \$2.21 per head received \$1025 per head for his animals. He employed one auctioneer. The \$30 per head auctioneer cost was incurred by a breeder who received a \$2626.70 average and employed four auctioneers. However, there were only three breeders whose auctioneering costs amounted to more than \$10 per animal and only one that amounted to more than \$15 per animal sold. The average auctioneering cost is \$8.13 per animal when the reports of all breeders were considered. But if the three whose costs exceed \$10 are excluded, this average is reduced to a cost of \$5.19 per animal. When the single \$30 auctioneer's cost is excluded the average is \$6.13 per head which is probably the most representative figure of the three.

The percentage of the total selling cost per animal that is spent for



auctioneers ranges from 6.62% to 33.3%. The average percentage of the selling cost per animal that is used for auctioneering is 9.01%. A study of the range and the distribution of the variates indicates that this figure is reasonably typical.

## 2. Auctioneering Costs for Dairy Cattle Sales

In the sales of dairy cattle reported the amounts spent per animal for auctioneering cost were slightly lower than for beef cattle sales. The average cost was \$5.52 per head. The variation was from \$2.66 to \$12 per head which is less than was shown in sales of beef cattle. However, the percentage of the selling cost that is used for hiring auctioneers was considerably higher than for the beef cattle sales. Auctioneering cost made up 15% of the total selling cost. The range of variation which was from 8.08% to 31.2% is much the same as that shown in beef cattle sales.

## 3. Auctioneering Cost for Swine Sales

In the swine sales reported the average amount spent for auctioneer service per animal was \$3.84. The range was from \$1.70 per head to \$40.00 per head. The breeder who had the lowest auctioneering cost had a sale that catered to the local trade to a large extent. His average was \$100 per head. The \$40.00 per head auctioneering cost is exceedingly high. It occurred in a sale, the average of which was \$350. This auctioneering cost seems out of all proportion to the average.

The percentage of the total selling cost that was used for the hire of auctioneers ranged from 8.7% to 42.4%. It is quite interesting to note that the breeder who spent \$1.70 per head, the lowest sum for auctioneers, had the highest percentage of the total selling cost taken up by this item. With the exception of this one extreme the bulk of the percentage values lie between 10% and 20% of the selling cost. Only five breeders had costs that exceeded 20% and only two had costs that were below 10%. The average percentage of the total selling cost that



was spent for auctioneers was 12.2%.

#### C. THE COST OF TRANSFERRING LIVE STOCK TO A CENTRAL POINT FOR SALE.

Many breeders whose farms are some distance from town make a practice of transferring their animals to some place easy of access to buyers. Such a town usually has the advantage of good railroad service and facilities for the housing and entertainmene of the buyers. Most of the breeders who move their stock usually transfer it to one of the nearby town but many of the larger breeders ship their stock long distances to important centers, such as Chicago or Kansas City. Such a long move adds many dollars to the cost of holding the sale but undoubtedly the breeder is amply repaid in most instances because many more buyers will take the time and bear the expense of coming to a sale that is near their homes. The saving of both time and money is very frequently the deciding factor which determines whether or not a buyer attends the sale.

Fourteen breeders of various classes of live stock reported that they transferred their stock to some town for sale. This would indicate that approximately one-fourty to one-third of the breeders follow the practice. A larger proportion of cattle breeders move their stock than do breeders of hogs and the cost of the former, the breeders of beef cattle especially, indicate that they transfer considerable distances while the majority of hog breeders who sell their stock away from their farms merely transfer to a nearby town.

The breeders of hogs who transfer their stock to a nearby town do so mainly because they are able to use a good sale pavilion. They do not think that transferring their stock adds to their sale average.

However, it is quite different with cattle auctions. All of the breeders of beef cattle who transferred their cattle think that it adds very materially to the amount for which they are sold. E. M. Cassidy & Son, Hereford breeders, estimate that their sale average was raised at least \$400.00 per head because they transferred their cattle to Kansas City for sale. They spent \$40 per head to move



the stock. Irwin Brothers, breeders of Herefords, estimate that their sale average was raised \$25 at a cost of \$5 spent for moving the cattle. Powers Bros., breeders of Shorthorns, estimate that their cattle sold for \$20 per head more after they were transferred than they would have brought if they had been sold on the farm. F. R. Edwards of Tiffin, Ohio, a shorthorn breeder, says that his average was increased by \$200 because he shipped his cattle to Chicago. He paid \$20 per head to move them.

The experience of these breeders seems to indicate that it generally pays very well to move the sale stock to some point easy of access to buyers. The breeders of beef cattle who answered the questionnaire who shipped their cattle to such a point have realized from 500% to 1000% on the money spent to move them.

### 1. Moving Beef Cattle to Place of Sale

The six beef cattle breeders who moved their cattle spent from \$4.00 per head to \$40 per head for this item. This represented an average charge of \$16.50 per head. The percentage of the total selling cost which was spent for the item of transferring stock varied from 11.1% of the total cost to 44.4% of the total cost with an average percentage of 24.2%.

### 2. Moving Dairy Cattle to Place of Sale

The cost of transferring the sale stock of three breeders of dairy cattle varied from \$1.00 per head to \$5.00 per head with an average of \$2.30 per head. Transferring represented from 3.5% of the total selling cost to 12.6%, the average percentage being 7.5%.

### 3. Moving Swine to Place of Sale

Only five breeders of hogs reported that they moved their stock away from the farm for sale. Since hog breeders transfer their stock only short distances to a nearby town for sale, the cost per head was very low, varying from twenty cents to one dollar per head. The average cost was fifty cents per head.



The percentage of the total cost was also very low. The range was from .93% to 2%, the average being 1.5% of the total cost of selling.

#### D. COST OF ADVERTISING PUBLIC SALES

The average breeder of pure-bred stock spends more money for advertising than he does for any other single item of expense connected with the holding of an auction sale. A glance through any farm paper or breed paper will show to what a large extent breeders advertise. Every year shows increasing amounts of advertising.

Comments made in the replies to the questionnaire indicate that the amount of advertising to use has become one of the biggest business problems which the breeder is called upon to solve. Many feel that too much money is being spent for advertising but do not see how they can reduce their advertising program if they expect to keep up with other breeders. Probably more of them think that not enough money is being spent for judicious advertising but that a large amount is being wasted because of the little care and judgment that is used by the breeders. If breeders would study the class of live stock that they have they could determine more accurately how much advertising expense they could safely undertake. Advertising should be planned carefully so as to appeal to the class of buyers that one expects to attract. The breeder who sells to other breeders, of course, can afford to spend more for advertising than can a man who sells largely to the farmer trade. The first breeder will use the breed papers and high class agricultural papers of large circulation. The second man will select some good farm paper that is read largely by farmers and will use the local papers extensively but will not advertise so heavily, if at all, in the breed papers and in the more expensive agricultural papers.

In advertising their sales and placing their stock before the public breeders use four standard means, namely, sale bills, letters, catalogs, and advertisements in agricultural and local papers. The sale bills are posted in



the vicinity of the breeder's home and attract the local buyers. They have little value other than this. Some breeders send letters of a more or less personal character to all men on their mailing list and to any others whom they think might be interested in the sale.

All breeders have catalogs printed giving information about the various animals to be sold. These are usually sent to all on the breeder's mailing list and to all people making inquiries but they do not reach as large a number of people as does the advertising in papers. Catalogs are a valuable form of advertising in that they inform other breeders of the pedigrees of the animals and aid very materially in influencing other breeders to attend the sale. They also give a more detailed description of the individuals than is possible in the advertisements in periodicals. Many breeders spend a large sum for the preparation of their catalogs and present a very handsome booklet which is often quite valuable as a reference.

Breeders spend the most money for advertising in agricultural papers and in breed journals. Such advertising may be seen by many interested people and probably influences more buyers to attend the sale than any other advertising feature. The advertisements in the breed papers appeal to other breeders and are usually worded differently and stress certain points more than is done in advertising in the general farm papers. Advertising in the latter is written so as to attract the average farmer rather than the breeder of pure bred live stock.

The majority of breeders who answered the questionnaire think that too much money is being spent for advertising although most of them were satisfied with the results of their own advertising. Of those who answered fully sixteen think that not enough money is spent and twenty-two think that too much is being spent for advertising. Several gave their opinion that not enough was being spent judiciously but that a considerable amount of money was being wasted because of poor judgment used by the breeders. It seems to be the consensus of opinion that not enough local advertising is being done.



### 1. Beef Cattle Advertising Costs

The data indicate that about fifty percent of the breeders of beef cattle used sale bills as a regular part of their advertising campaign. The number used varied from 50 to 1500. The cost of the bills ranged from \$3.00 to \$110.00 per sale. The average number used was 475 and the average cost was \$37.25. The cost per head for sale bills used varied from 12 cents to \$2.00, the average cost being 82 cents per head. The percentage of the total advertising cost used for sale bills varied from .6% to 10.7%. Both of these figures are rather extreme. The average percentage of the total advertising cost is 2.0%. It may be noted in this connection that breeders who received very high averages for their stock used more sale bills, which appeal to the local trade to a large extent, than did the breeders who received rather small sume for their animals.

The replies from breeders of beef cattle show that about two-thirds of them used letters, either personal or circular, in the regular procedure of advertising their sales. The number of such letters sent out varied from as low as 45 or 50 to as high as 4000. The average number sent was 670. The cost of this item including postage varied from \$1.00 to \$132.00 per sale, the average being \$34.32. The average charge per head for letters amounted to sixty-five cents. The variation was from two cents per head to \$2.40 per head. The percentage of the total advertising cost that was made up by this item varied from .23% to 5%, the average being 1.66%.

All sale catalogs contain about the same kind of information but their cost varies greatly, according to the size of the booklet, quality of paper, number of cuts contained therein, etc. The number that each breeder has printed also varies considerably. The replies from beef cattle breeders showed a variation of from 200 copies to 5000 copies. The average number, 1635, is representative of the number most breeders commonly have printed as ten breeders reported that they used between 1000 and 2000 catalogs. As mentioned above the cost for catalogs showed considerable variation the range being from \$80 per



sale to \$1580 per sale. The average cost of catalogs was \$492.50 per sale. The cost of catalogs per head varied from \$1.60 to \$39.50. The average cost was \$9.59. The percentage of the total advertising cost that the catalog expense represents varied much less than the actual expense in dollars, <sup>The range was</sup> from 21.3% to 41.9%. Nearly all of the breeders had a catalog cost that departed but slightly from the average which was 29.25%.

The money spent for advertising in agricultural, breed, and local papers made up by far the largest proportion of the advertising cost. The total amounts spent by various breeders for this form of advertising ranged from \$168 to \$3575, the average being \$1298.28. The breeder who spent \$168.00 had a sale average of \$176.70, the lowest reported, while the breeder who spent \$3575 had a sale average of \$2942, the highest reported. The first breeder used one page costing \$150.00 in his breed paper and the remaining in local papers. The second man spent \$1200 for advertising in the Breeders' Gazette, \$800 in the breed paper, and \$1550 in farm papers that have a good circulation in the immediate vicinity of his home. He used one \$25 ad in a local paper. Eight beef cattle breeders spent sums exceeding this amount and seven breeders spent smaller sums than the average. Breeders spent from \$3.00 per head to \$89.37 per head for advertising in papers. The average amount spent was \$23.59 per head. These amounts spent per head equaled from 58.2% to 90.0% of the total advertising cost, the average percentage being 69.86%.

The total amounts that breeders spent for all classes of advertising varied from \$4.99 per head to \$132.90 per head. Both of these figures are rather extreme. The very high sale average, \$2942.00, of the breeder who spent \$132.90 per head for advertising seems to justify the large outlay in his case. The average advertising cost per head was \$33.98 which was typical of most of the sales reported. The percentage of the total cost of selling which was represented by advertising costs varied from 32.9% to 80.7%. The average was 49.90%.



## 2. Dairy Cattle Advertising Costs

The reports received from breeders of dairy cattle are so few and in some cases so incomplete that valid conclusions cannot be made. From the data available it seems that dairy cattle breeders do not advertise so extensively as do breeders of beef cattle. While the proportion of the various items of advertising was approximately the same as for beef cattle advertising, the total amount spent was very considerably less. The total amount spent varied from \$4.50 per head to \$14.14. The average was \$10.26 per head. Advertising costs also made up a considerably smaller percentage of the total selling cost than was the case with beef cattle. An average of the replies received showed that 33.34% of the total selling cost in dairy cattle sales was spent for advertising and the range was from 20.6% to 39.2%. The average was 17.10% less than the percentage spent by beef cattle breeders for advertising.

## 3. Swine Advertising Costs

The various items of advertising expense for swine sales are the same as for cattle sales. About fifty percent of the hog breeders used sale bills as a means of advertising. The number used varied from 50 to 600 per sale. The average number used is 230. The cost ranged from \$2.95 to \$30.00 per sale, the average being \$13.95. It will be seen that both in number used and total cost, the sale bill figures are much lower for hog breeders than for cattle breeders. The cost of sale bills per head varied from seven cents to eighty cents, the average being thirty-two cents per head. Expense for sale bills constituted from .85% to 4.4% of the total cost of advertising and the average was 1.90%.

About 50% of the hog breeders used personal or circular letters in advertising their sales. They sent out from 20 to 1000 letters per sale at a cost varying from \$.65 per sale to \$22.00. The average number sent was 195 costing \$8.37. The cost per head for letters amounted to from \$.01 to \$.55 with \$.19 as the average. The percentage of the total advertising cost which is spent



for letters varied from .02% to 4.4% with .87% as the average.

The replies received from breeders of hogs showed that from 300 to 2500 catalogs per sale were used. The sale averages of the two breeders who used 300 catalogs were among the lowest of any reported while the average of the breeder who used 2500 catalogs, was the second highest reported. The average number printed was 833. This is apparently high as ten of the breeders who replied used 500 catalogs and three used less than this number. The total amounts spent for catalogs varied from \$38.00 to \$325.00 with \$103.56 as the average total amount spent for this item. The average amount per head spent for catalogs was \$2.37 with the range running from \$.74 per head to \$8.12. The catalog cost constituted an average of 14.4% of the total advertising cost. The variation in percentage was from 6.0% to 28.6%. The majority of the breeders had costs and percentages that closely approximated the above averages.

Breeders spent from \$4.01 per head to \$67.00 per head for advertising their hogs in papers. The average was \$14.98. The breeder who spent \$4.01 per head for advertising his hogs in papers was one whose stock was probably bought largely by farmers as the average was quite low. The \$67.00 per head advertising cost occurred in a sale in which the hogs went to other breeders to a large extent. Eighteen of the twenty-four breeders from whom replies were received spent sums that were below this figure. The percentage of advertising cost used in publication advertising varied from 66.65% to 95.91%. The average percentage is 84.41%. Nineteen of the breeders reported amounts spent for advertising in papers that varied less than 5% from the average. Therefore, this figure is quite representative for the bulk of the hog sales.

The twenty-four breeders of pure-bred swine who answered the questionnaires spent from \$5.09 to \$76.67 per head for advertising. The average amount spent was \$18.81. Advertising is the largest item of expense that enters into the cost of conducting a public sale. It constituted from 26.2% of the total expense to 81.9%. These are rather extreme. One of the smaller breeders had



the lowest percentage taken up by advertising while a well known breeder who spent \$76.07 per head for advertising had the largest percentage. Most of the advertising costs were grouped close to the average which was 58.2% of the total cost.

#### E. MISCELLANEOUS SALE EXPENSES

Under the heading of miscellaneous expenses are included such items as hotel accommodations for visiting buyers, lunch, transportation of buyers, entertainment, pavilion costs, and crating costs. These constitute a considerable fraction of the expense of holding an auction sale.

##### 1. Beef Cattle Sales

Beef cattle breeders had incidental expenses such as the above that ranged from \$1.35 per head to \$22.28 per head. The average was \$7.43 per head. Miscellaneous expense composed from 3.1% to 37.8% of the total expense of the sales reported. The average was 11.0%. One of the smaller breeders spent \$1.35 per head for miscellaneous expenses while a well known Hereford breeder spent \$22.28 for these expenses. Ten of the breeders who answered spent sums exceeding \$100.00 for hotel expenses and eight spent more than \$75.00 for the sale pavilion.

##### 2. Dairy Cattle Sales

The incidental expense enumerated above amounted to from \$1.00 per head to \$12.66 per head for dairy cattle sales. The average was \$8.40 or 27.35% of the total selling cost.

##### 3. Swine Sales

The hog sales reported had incidental expenses that ranged from \$.86 per head to \$37.05 per head. The sales in which the miscellaneous expenses were less than \$10 per head, were county cooperative sales. The breeder who spent \$37.05 per head for <sup>expenses</sup> miscellaneous spent \$1715.90 for hotel expenses, entertainment



etc. His sale average was the highest reported. As there were only two sales that had over \$10.00 per head incidental expenses and two whose incidental expenses were less than \$1.00 per head, the average, \$6.60 per head, may be taken as a representative amount. There was but little variation from this figure. Incidental expenses constituted from 6.2% to 64.9% of the total cost of selling. This is a very wide variation. The average is 20.4%. The majority of the sales had miscellaneous expenses which fell within the range from 10% to 30%.

#### V. RELATION OF COST OF SELLING TO SALE AVERAGES

##### A. BEEF CATTLE SALES

There were eleven breeders of beef cattle who included the amounts of their sale averages in their replies. These ranged from \$176.70 to \$2942.00 with \$1058.97 as the average for all sales reported. This is a very high average. An average of all beef cattle sales held during a year probably would not be much more than one-half of the above amount. The selling costs in the sales reported varied from \$14.40 per head to \$164.77 per head with \$68.06 as the average amount which was 6.4% of the sale average. The extremes in total selling cost was due in both cases to the amounts of money spent for advertising. As a general rule the selling cost was a rather small percentage of the sale average. Only two breeders reported costs that were more than 10% of the sale average. One was a small breeder while the other one was a well known Hereford breeder.

##### B. DAIRY CATTLE SALES

The averages of the dairy cattle sales varied from \$180.00 to \$800.00, the average of all being \$315.15. The average cost of selling was \$30.77 which was 9.7% of the sale average. The percentage runs slightly higher in dairy cattle than in beef cattle sales.

##### C. SWINE SALES

Twenty breeders of pure bred swine gave the average price of the animals sold. These sale averages ranged from \$47.50 to \$585.00, the average price of



all sales reported being \$162.69. The low average was received in a county consignment sale. The high figure was received by a well known breeder of Duroc Jersey swine who advertised extensively. The selling cost varied from \$9.91 per head to \$116.05, the average being \$32.30. The average selling cost is 19.8% of the average selling price. The low selling cost occurred in a county sale while the high one occurred in a prominent Poland China breeder's sale. Selling costs for hogs are proportionately higher than for cattle. This is due to the fact that there is a considerable sum of money which must be spent in holding any sale and as the average price received is much less for hogs than for cattle the proportion of selling cost to sale price is much higher. Because sale averages are much higher for cattle, breeders of cattle can spend more money in promoting their sales and still maintain a low selling percentage.

#### VI. NUMBER OF ANIMALS SOLD

The replies indicated that breeders would much rather have a sale in which the number of animals offered did not supply the demand. An active demand for stock insures spirited bidding and undoubtedly the average price received is increased in sales in which the supply does not meet the demand. By including more animals in the offering than the crowd can easily absorb the latter part of the sale is likely to drag and many animals will be sacrificed. Also if buyers sense the situation it is common for them to let the first animals go rather cheaply in the expectation of getting a bargain towards the last of the sale. Thus the level of prices thruout the sale is lowered. Experienced breeders are careful to include only enough animals in their sales to insure competition on the part of the bidders thruout the sale.

##### A. Cattle Sales

The breeders of beef cattle who replied included from thirty-five to one hundred ten animals in their sales. The average number was fifty-nine.

##### B. Swine Sales

The average hog sale reported included considerably fewer animals than the average cattle sale. The average figure being forty-one head. The variation was from twenty-five to sixty head per sale.



## VII. COST OF THE AVERAGE SALE

By summarizing the average amounts of the various items of expense of conducting an auction we may arrive at the average sale. Of course most sales will vary from the figures here given to a certain degree. In solving his own problems in the conduct of his sales a breeder may frequently find it expedient to depart from the average. Nevertheless such an average should be of value to the breeder in determining to what extent his sale expenses approximate those of other breeders. Perhaps by altering the proportions of his expenditures to agree with the experience of other breeders he may be able to increase his sale averages or he may find it possible to reduce his sale expenses without loss from the selling price of his stock.

Due to the fact that comparatively few breeders answered some of the questions asked there are apparent inconsistencies in some of the preceding computations. This is especially noticeable in the figures relating to dairy cattle sales. Some of the replies were so incomplete that when averaged these discrepancies appear. However it is believed that these minor errors will have but little effect upon the comparisons sought for.

### A. The Average Beef Cattle Sale

The five items of expense in conducting a sale are fitting of the animals, auctioneers, transferring of the animals to the place of sale, advertising and miscellaneous expense. The average cost of selling a beef animal at an auction was \$64.27. The average breeder spent \$4.02 or 5.8% of the selling cost for the fitting of his animals, \$6.10 or 9.01% for auctioneers, \$16.50 or 24.2% for moving the animals, \$33.98 or 49.90% for advertising and \$7.43 or 11.09% for miscellaneous expense.

The advertising cost is made up of the expenses for sale bills, letters, catalogs, and publication advertising. Breeders used an average of 475 sale bills costing \$37.50. Sale bills constituted 2.0% of the advertising cost. Catalog cost constituted 29.25% of the advertising cost. The average number is 1635 costing



\$492.50. Advertising in publications constituted \$69.86 of the total cost.

Breeders spent \$1298.20 for advertising as an average.

Some of the above items will not appear in the expenses of all sales.-

In such a case due allowance must be made. The expense for transferring the cattle from the farm to the place of sale is such an item. As the majority of the important cattle breeders who answered the questionnaire reported this expense, it was included as one of the standard expenses of conducting a sale. In those sales where such an expense was not incurred the percentage of the other items would be correspondingly increased. If the expense for moving the cattle to the sale was excluded the proportion of the costs would be as follows: Total selling cost per head, \$51.56, special fitting 7.8% of the selling cost, auctioneering 11.8%, advertising 65.9%, and miscellaneous expense 14.4% of the total selling cost.

#### B. The Average Dairy Cattle Sale

The data for dairy cattle sales was so meagre that it was found impossible to compute a satisfactory average for such sales. However, the information available indicates that dairy cattle breeders spend relatively more for fitting their animals and less for advertising than do beef cattle breeders. Their total selling costs were also considerably lower. The proportions of the various items of expense are as follows : total selling cost \$30.77, special fitting, \$4.30 or 14.0%; auctioneers \$5.51 or 15.0%; transferring of animals \$2.30 or 7.5%; advertising \$10.26 or 33.34%; and miscellaneous expenses \$8.40 or 27.35% of the total selling cost.

#### C. The Average Hog Sale

In the conduct of hog sales, the same items of expense are met with as in cattle sales. The distribution is somewhat different, however. The fitting of the animals constituted \$2.68 or 8.2% of the total expenses; the auctioneers fee amounted to \$3.84 or 11.8%; transferring of animals to the location of the sale was \$.50 or 1.5%; advertising \$18.81 or 58.2% of the cost; and incidental expense



amounted to \$6.60 or 20.4% of the total cost of selling hogs. The average total selling cost was \$32.30.

#### D. Summary of Average Costs of Conducting Sales

The table which follows gives in tabular form the averages mentioned in the preceding pages. The relationships and differences between the various types of sales may be easily noted.

Item of Expense	Beef Cattle		Dairy Cattle		Swine Sale	
	'Dollars' % of Selling per head'		'Dollars' % of Selling per head'		'Dollars' % of Selling per head'	
	Cost		Cost		cost	
Special fitting	4.02	5.8	4.30	14.0	2.68	8.2
Auctioneers	6.13	9.01	5.32	15.0	3.84	11.8
Transferring of Animals	16.50	24.20	2.30	7.50	.50	1.5
Advertising	33.98	49.90	10.26	33.34	18.81	58.1
Miscellaneous	7.43	11.09	8.40	27.35	6.60	20.4
Totals	68.06	100.00	30.77	97.15	32.30	100.00

#### VIII. EFFECT OF AMOUNT OF SALE EXPENSES UPON SALE AVERAGES

The preceding data have shown that in general the cost of selling varied directly with the sale average. However, when the percentage of sale cost to selling price is computed it is found that this percentage varied indirectly with the sale average. In other words the larger the sale average the smaller the percentage of the selling price required for sale expenses and vice versa. From these two observations it seems valid to conclude that, in general, the selling price of animals in a public auction is influenced far more by other factors than by the amount of money spent for advertising and other forms of selling expenses. Of course, by spending large sums for advertising, which increases the selling cost a great deal, the sale average may be raised somewhat, but no amount of advertising can sell mediocre stock at a price greatly exceeding its real value. Beyond a reasonable amount, which is commensurate with the quality of the offering advertising is largely wasted. This is the opinion of most of the breeders from whom answers were received. It is also the view held by the agricultural press.



The accompanying graph represents the relation between the cost of selling and the sale averages of each of the sales reported. The sales in which the sale cost was a small percentage of the sale average were those in which the sale average was very high while in the sales in which the average price was low the cost of selling amounted to a large percentage of the price received.

#### IX. FACTORS INFLUENCING SALE AVERAGES

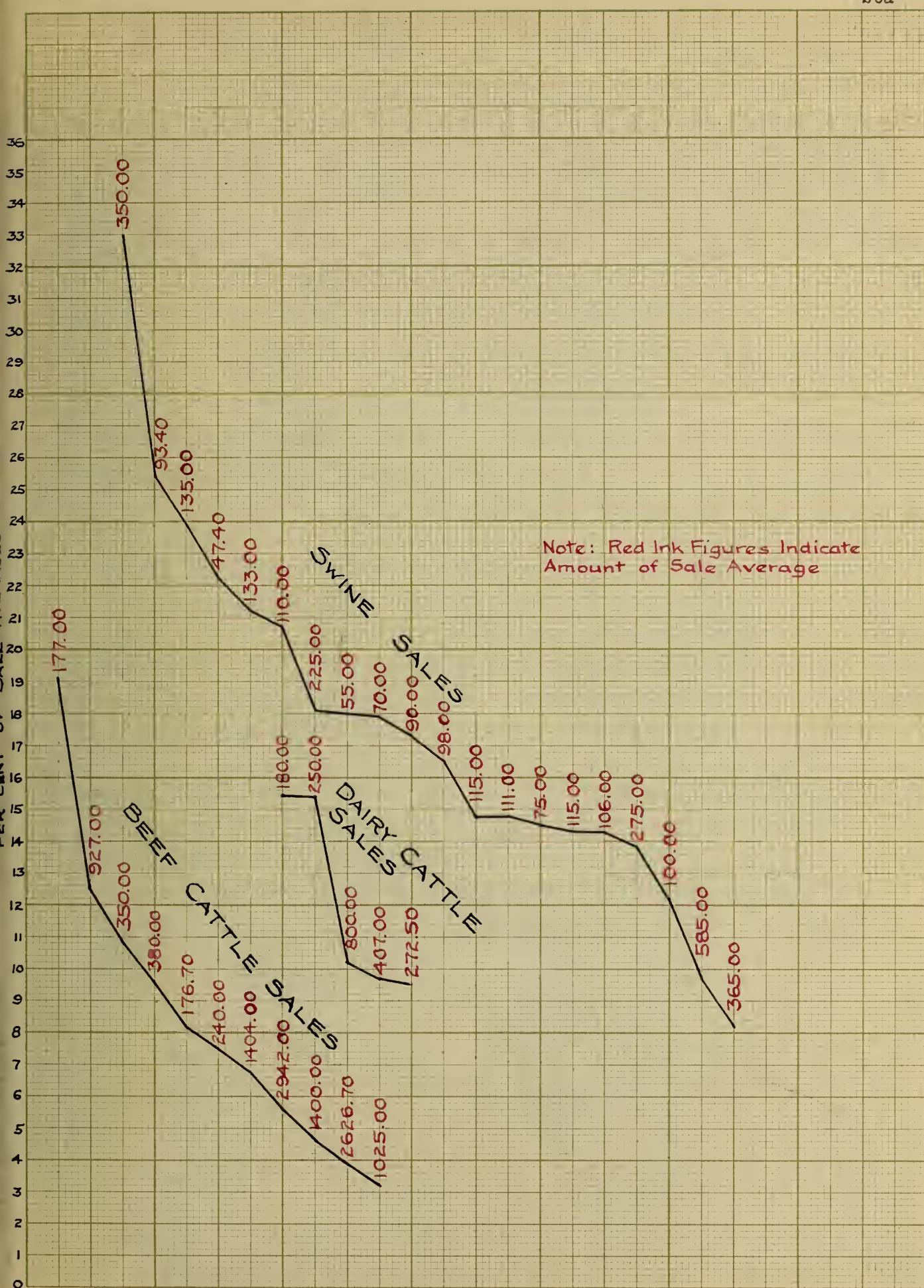
In their replies to the questionnaire several breeders expressed their opinions as to the chief factors which determine sale averages. One of the most important of these influences is the reputation of the breeder. Buyers would rather pay more for an animal from the herd of a well known breeder of good reputation and long standing than for an equally good animal from the herd of a comparatively unknown breeder or one whose reputation for square dealing was not one of the best.

The quality of the offering probably has more effect on sale averages than any other one factor. Good animals will sell for a good price anywhere. If the breeder has an offering of good stock he is assured of good prices provided that he uses good judgment in the advertising and conduct of his sale.

Other factors that influence sale averages is the guarantee of satisfaction under which the animals are sold and the guarantee of health of the animals. Animals sold under a guarantee of satisfaction to the buyers will often sell for from 25% to 50% more than those having no guarantee.

It is becoming almost impossible to sell cattle without assurance of their freedom from tuberculosis. A herd of cattle that has been tested for tuberculosis will frequently sell for twice as much as an untested herd. Breeders are afraid to take untested cattle and incur the risk of infecting their entire herd. Cholera immune hogs will sell for from 25% to 100% more than non-immunized hogs. The risk of buying non-immunized hogs is too great for buyers to take without a very material discount.







#### X. SUMMARY AND CONCLUSION

The average selling price of the animals in the beef cattle sales reported was \$1058.97. The average selling cost was \$68.06 per head or 6.47% of the sale average.

The average selling price of dairy cattle was \$315.15 with an average selling cost of \$30.77 per head, or 9.7% of the sale average.

The average selling price of hogs was \$162.69 with an average selling cost of \$32.30 per head or 19.8% of the average selling price.

In itself the selling cost of animals has but little effect on the price that they bring in public auctions. Factors such as the reputation of the breeder, the quality of the offering, the guarantee of satisfaction, and the guarantee of health of the animals have much more effect on the sale average than the sum spent upon the sale.





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